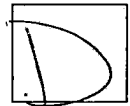


ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

E-01703A
Duncan Valley Electric Cooperative, Inc.
PO Box 440
Duncan, AZ 85534



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APR 03 2007

AZ CORP COMM
Director Utilities

ANNUAL REPORT

FOR YEAR ENDING

12	31	2006
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FOR COMMISSION USE

ANN 01	06
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PROCESSED BY:

A-6-07 RF

SCANNED

COMPANY INFORMATION

Company Name (Business Name) <u>Duncan Valley Electric Cooperative, Inc.</u>			
Mailing Address <u>PO Box 440</u>			
<u>Duncan</u> (City)	<u>AZ</u> (State)	<u>85534</u> (Zip)	
<u>928-359-2503</u> Telephone No. (Include Area Code)	<u>928-359-2370</u> Fax No. (Include Area Code)	 Pager/Cell No. (Include Area Code)	
Email Address _____			
Local Office Mailing Address <u>Same as above</u>			
 (City)	 (State)	 (Zip)	
 Local Office Telephone No. (Include Area Code)	 Fax No. (Include Area Code)	 Pager/Cell No. (Include Area Code)	
Email Address _____			

MANAGEMENT INFORMATION

Management Contact: <u>Jack Shilling</u>			
<u>PO Box 440</u> (Street)		<u>Duncan</u> (City)	<u>AZ</u> (State)
<u>85534</u> (Zip)		<u>928-359-2503</u> Telephone No. (Include Area Code)	
<u>928-359-2370</u> Fax No. (Include Area Code)		 Pager/Cell No. (Include Area Code)	
Email Address <u>jack.shilling@dvcc.org</u>			
On Site Manager: <u>Same as above</u>			
 (Street)	 (City)	 (State)	 (Zip)
 Telephone No. (Include Area Code)	 Fax No. (Include Area Code)	 Pager/Cell No. (Include Area Code)	
Email Address _____			

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent:

Gallagher & Kennedy

Mike Grant

(Name)

(Street)

PO Box 32159

(City)

Phoenix

(State)

AZ

(Zip)

85064-2159

Telephone No. (Include Area Code)

602-530-8000

Fax No. (Include Area Code)

602-257-9459

Pager/Cell No. (Include Area Code)

Attorney:

Same as above

(Name)

(Street)

(City)

(State)

(Zip)

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

OWNERSHIP INFORMATION

Check the following box that applies to your company:

☐ Sole Proprietor (S)

☐ C Corporation (C) (Other than Association/Co-op)

☐ Partnership (P)

☐ Subchapter S Corporation (Z)

☐ Bankruptcy (B)

☒ Association/Co-op (A)

☐ Receivership (R)

☐ Limited Liability Company

☐ Other (Describe) _____

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

☐ APACHE

☐ COCHISE

☐ COCONINO

☐ GILA

☐ GRAHAM

☒ GREENLEE

☐ LA PAZ

☐ MARICOPA

☐ MOHAVE

☐ NAVAJO

☐ PIMA

☐ PINAL

☐ SANTA CRUZ

☐ YAVAPAI

☐ YUMA

☐ STATEWIDE

SERVICES AUTHORIZED TO PROVIDE

Check the following box/es for the services that you are authorized to provide:

☐ **Electric**

- ☐ Investor Owned Electric
- ☐ Rural Electric Cooperative
- ☒ Utility Distribution Company
- ☐ Electric Service Provider
- ☐ Transmission Service Provider
- ☐ Meter Service Provider
- ☐ Meter Reading Service Provider
- ☐ Billing and Collection
- ☐ Ancillary Services
- ☐ Generation Provider
- ☐ Aggregator/Broker

☐ **Telecommunications**

- ☐ Incumbent Local Exchange Carrier
- ☐ Interexchange Carrier
- ☐ Competitive Local Exchange Carrier
- ☐ Reseller
- ☐ Alternative Operator Service Provider

☐ **Gas**

- ☐ Natural Gas
- ☐ Propane

☐ **Other (Specify)** _____

STATISTICAL INFORMATION

TELECOMMUNICATION UTILITIES ONLY

Total residence local exchange access lines	_____
Total business local exchange access lines	_____
Total revenue from Arizona operations	\$ _____
Total income from Arizona operations	\$ _____
Value of assets used to serve Arizona customers	\$ _____
Accumulated depreciation associated with those assets	\$ _____

STATISTICAL INFORMATION (CONT'D)

ELECTRIC UTILITY PROVIDERS ONLY

Total number of customers	<u>2592</u>
Residential	<u>2242</u>
Commercial	<u>257</u>
Industrial	<u> </u>
Public street and highway lighting	<u>2</u>
Irrigation	<u>91</u>
Resale	<u> </u>
 Total kilowatt-hours sold	 <u>24,173,718 kWh</u>
Residential	<u>15,866,554</u>
Commercial	<u>5,827,779</u>
Industrial	<u> </u>
Public street and highway lighting	<u>115,610</u>
Irrigation	<u>2,363,775</u>
Resale	<u> </u>
 Maximum Peak Load	 <u>6.04</u> MW

GAS UTILITIES ONLY

Total number of customers	<u> </u>
Residential	<u> </u>
Commercial	<u> </u>
Industrial	<u> </u>
Irrigation	<u> </u>
Resale	<u> </u>
 Total therms sold	 <u> </u> therms
Residential	<u> </u>
Commercial	<u> </u>
Industrial	<u> </u>
Irrigation	<u> </u>
Resale	<u> </u>

VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only

RECEIVED

APR 03 2007

VERIFICATION

STATE OF _____
I, THE UNDERSIGNED
OF THE

COUNTY OF (COUNTY NAME)	Greenlee
NAME (OWNER OR OFFICIAL) TITLE	Jack Shilling CEO
COMPANY NAME	Duncan Valley Electric Cooperative, Inc.

AZ CORP COMM
DIRECTOR Utilities

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION
FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2006

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2006 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 2,867,475

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 167,801
IN SALES TAXES BILLED, OR COLLECTED)

****REVENUE REPORTED ON THIS PAGE MUST
INCLUDE SALES TAXES BILLED OR
COLLECTED. IF FOR ANY OTHER REASON,
THE REVENUE REPORTED ABOVE DOES NOT
AGREE WITH TOTAL OPERATING REVENUES
ELSEWHERE REPORTED, ATTACH THOSE
STATEMENTS THAT RECONCILE THE
DIFFERENCE. (EXPLAIN IN DETAIL)**

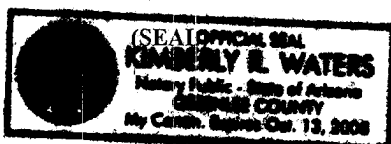
Jack Shilling
SIGNATURE OF OWNER OR OFFICIAL
928-359-0751
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 30th DAY OF

COUNTY NAME	Greenlee
MONTH	March
	2007



Kimberly R Waters
SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES 10/13/2008

VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY

RECEIVED

APR 03 2007

AZ CORP COMM
Director Utilities

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) <u>Greenlee</u>	
NAME (OWNER OR OFFICIAL) <u>Jack Shilling</u>	TITLE <u>CEO</u>
COMPANY NAME <u>Duncan Valley Electric Cooperative, Inc.</u>	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2006

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2006 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES
\$ <u>1,996,422</u>

(THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 128,760
IN SALES TAXES BILLED, OR COLLECTED

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.

X Jack Shilling
SIGNATURE OF OWNER OR OFFICIAL
928-359-2757
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

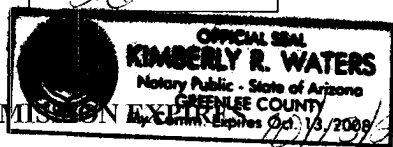
THIS

26th

DAY OF

(SEAL)

MY COMMISSION EXPIRES



NOTARY PUBLIC NAME <u>Kimberly R. Waters</u>	
COUNTY NAME <u>Greenlee</u>	
MONTH <u>March</u>	20 <u>07</u>

X Kimberly R. Waters
SIGNATURE OF NOTARY PUBLIC

FINANCIAL INFORMATION

Attach to this annual report a copy of the companies' year-end (Calendar Year 2006) financial statements. If you do not compile these reports, the Utilities Division will supply you with blank financial statements for completion and filing. **ALL INFORMATION MUST BE ARIZONA-SPECIFIC AND REFLECT OPERATING RESULTS IN ARIZONA.**

Public reporting burden for this collection of information is estimated to average 17 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Department of Agriculture, Clearance Officer, OIRM, AG Box 7630, Washington, DC 20250; and to the Office of Management and Budget, Paperwork Reduction Project (OMB #0572-0032), Washington, DC 20503. OMB FORM NO. 0572-0032, Expires 03/31/95.
This data will be used by REA to review your financial situation. Your response is required (7 U.S.C. 901 seq.) and is not confidential.

USDA-REA		BORROWER DESIGNATION ARIZONA 23 GREENLEE				
FINANCIAL AND STATISTICAL REPORT		BORROWER NAME AND ADDRESS DUNCAN VALLEY ELECTRIC COOPERATIVE, INC. DUNCAN, AZ 85534				
INSTRUCTIONS-Submit an original and 2 copies to REA. Round all amounts to nearest dollar. See REA Bulletin 1717B-2		YEAR ENDING December 31, 2007	REA USE ONLY			
CERTIFICATION						
<p><i>We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.</i></p> <p>ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, REA, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.</p>						
SIGNATURE OF OFFICE MANAGER OR ACCOUNTANT		DATE				
SIGNATURE OF MANAGER		DATE				
PART A. STATEMENT OF OPERATIONS						
ITEM	YEAR-TO-DATE			January		
	LAST YEAR	THIS YEAR	BUDGET	THIS MONTH		
	(a)	(b)	(c)	(d)		
1. Operating Revenue and Patronage Capital	196,413	245,188		245,188		
2. Cost of Purchased Power	113,636	152,865		152,865		
3. Revenue Less Cost of Power	82,777	92,323		92,323		
4. Transmission Expense	0	-				
5. Distribution Expense-Operation	28,995	24,490		24,490		
6. Distribution Expense-Maintenance	2,660	4,147		4,147		
7. Consumer Accounts Expense	21,692	30,963		30,963		
8. Customer Service and Informational Expense	717	186		186		
9. Sales Expense	0	-				
10. Administrative and General Expense	14,391	11,885		11,885		
11. Total Operation & Maintenance Expense (4 - 10)	68,455	71,672		71,672		
12. Depreciation and Amortization Expense	18,288	18,779		18,779		
13. Tax Expense - Property & Gross Receipts	0	-				
14. Tax Expense - Other	0	-				
15. Interest on Long-Term Debt	196	140		140		
16. Interest Charged to Construction - Credit	0	-				
17. Interest Expense - Other	132	201		201		
18. Other Deductions	0	-				
19. Total Cost of Electric Service (11 - 18)	87,071	90,791		90,791		
20. Patronage Capital & Operating Margins (3 - 19)	(4,294)	1,532		1,532		
21. Non Operating Margins - Interest	9,545	12,045		12,045		
22. Allowance for Funds Used During Construction	0	-				
23. Income (Loss) from Equity Investments	0	-				
24. Non Operating Margins - Other	(2,334)	-				
25. Generation & Transmission Capital Credits	0	-				
26. Other Capital Credits and Patronage Dividends	0	-				
27. Extraordinary Items	0	-				
28. Patronage Capital or Margins (20 - 27)	2,917	13,576		13,576		
PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT						
ITEM	Month	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
		LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)
1. New Services Connect	7	5	7	5. Miles Transmission		
2. Services Retired	3	2	3	6. Miles Distribution-Overhead	439	447
3. Total Services in Place	2,818	2,814	2,818	7. Miles Distribution-Underground	3	3
4. Idle Services (Exclude Seasonal)	184	296	184	8. Total Miles Energized (5 + 6 + 7)	442	450

USDA - REA		BORROWER DESIGNATION	
FINANCIAL AND STATISTICAL REPORT		ARIZONA 23 GREENLEE	
INSTRUCTIONS - See REA EOM-2.		MONTH ENDING	REA USE ONLY
		January 31, 2007	
PART C. BALANCE SHEET			
ASSETS AND OTHER DEBITS		LIABILITIES AND OTHER CREDITS	
1. Total Utility Plant in Service	7,222,895	29. Membership	0
2. Construction Work in Progress	37,999	30. Patronage Capital	7,535,553
3. Total Utility Plant (1 + 2)	7,260,893	31. Operating Margins - Prior Years	(1,507,125)
4. Accum. Provision for Depreciation & Amort	4,151,583	32. Operating Margins - Current Year	1,532
5. Net Utility Plant (3 - 4)	3,109,310	33. Non Operating Margins	12,045
6. Nonutility Property - Net	22,728	34. Other Margins and Equities	248,814
7. Investment in Subsidiary Companies	(126,455)	35. Total Margins & Equities (29 thru 34)	6,290,818
8. Invest in Assoc Org - Patronage Capital	291,291	36. Long-Term Debt REA (Net)	11,304
9. Invest in Assoc Org - General Funds	168,102	37. Long-Term Debt-RUS-Econ Dev	
10. Invest in Assoc Org - Nongeneral Funds		38. Long-Term Debt-FFB-RUS Guaranteed	
11. Investment in Economic Development		39. Long-Term Debt-Other-RUS Guaranteed	
12. Other Investments	27,644	40. Long-Term Debt-Other (Net)	5,780
13. Special Funds	832,706	41. Total Long-Term Debt (36 thru 40)	17,084
14. Total Other Property & Invest. (6 thru 13)	1,216,016	42. Obligation under Capital Leases	
15. Cash - General Funds	110,036	43. Accumulated Operating Provisions	
16. Cash - Construction Funds - Trustee		44. Total Other Noncurrent Liabilities (42 + 43)	0
17. Special Deposits	6,236	45. Notes Payable	
18. Temporary Investments	1,110,165	46. Accounts Payable	157,886
19. Notes Receivable - Net		47. Consumers Deposits	45,771
20. Accounts Receivable - Net Sales of Energy	193,558	48. Current Maturities Long-Term Debt	12,100
21. Accounts Receivable - Net Other	701,726	49. Current Maturities Long-Term Debt-Econ Dev	
22. Materials & Supplies - Electric & Other	150,784	50. Current Maturities Capital Leases	
23. Prepayments	82,660	51. Other Current & Accrued Liabilities	243,298
24. Other Current & Accrued Assets	14,190	52. Total Current & Accr. Liabilities (45 thru 51)	459,055
25. Total Current & Accrued Assets (15 thru 24)	2,369,356	53. Regulatory Liabilities	
26. Regulatory Assets		54. Deferred Credits	8,228
27. Deferred Debits	80,503	55. Total Liabilities & Credits (35+41+44+52 thru 54)	6,775,185
28. Total Assets & Other Debits (5+14+25 thru 27)	6,775,185	ESTIMATED CONTRIBUTIONS IN AID OF CONSTRUCTION	
		56. Balance Beginning of Year	651,963
		57. Amounts Received This Year (Net)	
		58. TOTAL Contributions in Aid of Construction	651,963
PART D. NOTES TO FINANCIAL STATEMENTS			
THE SPACE BELOW IS PROVIDED FOR IMPORTANT NOTES REGARDING THE FINANCIAL STATEMENT CONTAINED IN THIS REPORT. (IF ADDITIONAL SPACE IS NEEDED, USE SEPARATE SHEET.)			